

September 24, 2004

To the Citizens of Fresno and the City Council:

This budget reflects the implementation of our long-range strategic planning process that began when I first took office in 2001. It has proven successful in establishing a solid foundation which has allowed us to fulfill many of our goals while providing the stability for continued forward momentum. Developing the FY 2005 budget was particularly challenging given the uncertainties concerning the level of funding from the State and Federal governments, combined with the ever-increasing needs of our community. Our vision for the City of Fresno is to build and preserve a city that creates and protects equal access to opportunities, education and quality of life for every Fresnoan in every neighborhood. This budget is structurally sound and will provide a lasting foundation for this vision.

It is essential that we, as a united community, continue to assess our strengths, focus our priorities, and continue to meet our challenges head on. Once again, this budget strikes a balance between dealing with today's uncertainties and addressing our future needs. This balance was struck by unyielding adherence to four primary cornerstones that comprise the foundation of a multi-year strategy that is crucial to keeping Fresno moving forward.

1. **Maintain Essential Services** - Within this budget, the essential services provided by all departments is preserved. A particular emphasis has been placed on our commitment to public safety and the prevention of violent crime. The battle waged against violent crime includes several specific initiatives that have proven successful and are included in this budget plan. The FY 2005 budget brings the total number of authorized sworn Police Officers to the highest level in Fresno's history. We have added 20 Police Officers, 2 Airport Safety Officers and 12 Firefighters to the compliment of safety personnel. We have also addressed the need for additional fire facilities. This budget includes capital and operating funds to ensure the FY 2005 opening of Fire Station #15 in Southeast Fresno, and \$440,000 to complete Fire Station #17 in North Fresno, which are anticipated to be fully operational in FY 2006.

Children and seniors are among the most vulnerable citizens in our community. Through innovative after-school programs, community programs, and other initiatives, the City will continue to support, assist, and strengthen the well being of our seniors and youth. We will strengthen and expand Community Youth and Senior Centers to provide common areas for seniors and youth to congregate and participate in mentor relationships, after-school enrichment programs, and other mutually beneficial community-oriented activities. In addition, the popular early enrichment after-school program is funded at \$1.069 million, to provide educational opportunities, social enrichment, positive activities and relationships that build character and enhance the quality of life for our children and families.

2. **Investment in Job Creation through Economic Development** - The City of Fresno must continue to succeed as a vital part of our growing metropolitan region. Moving toward this goal, we will continue to focus on the redevelopment, revitalization and rebirth of our urban core. Business development, retention and attraction will continue to be a high priority of our economic development strategy. Unfortunately, the Fresno area continues to be plagued by an unemployment level that is much higher than state and national levels. The solution to this problem demands more than a simplistic statement that we need more businesses. It demands a broad perspective and a long-term strategy. The Meeting the Challenge report clearly identified job creation as a determining factor for the future of our City. It requires an investment in our youth so that they have the educational base and job-readiness to be productive employees. The resources set aside in the Refugee Resettlement Services Fund will provide a critical opportunity for Fresno's newest residents to take advantage of vocational training that will help to provide them with the necessary skills to succeed. The solution also requires that the fees we charge for services are reasonable so that businesses will be encouraged to operate in Fresno. Finally, the solution requires a safe city where businesses can prosper. The Regional Jobs Initiative, our commitment to public safety, low-cost utilities and downtown revitalization will serve to assure that we continue progress in these areas.

We have expanded our Planning & Development department to expeditiously process the plans and permits that keep our City growing. The Surface Water Treatment Plant in north Fresno will be fully staffed and operational in FY 2005. The Wastewater Reclamation Facility has reached or exceeded the design treatment capacity for loadings. This budget addresses this issue by funding the construction of additional treatment units estimated at \$54.5 million from enterprise reserves planned for this purpose. As our City grows, the need for additional solid waste services in newly developed areas also grows. We must also address state regulations for solid waste diversion. This budget includes the additional staff, fleet and equipment to effectively provide services to all citizens. Furthermore, every aspect of the expansion in utility services is funded without increasing utility user charges.

3. **Investment in Neighborhood Infrastructure** - As our City continues to expand it is vital that we address the infrastructure requirements that are a natural result of economic growth. This budget takes the single largest step towards ending the "A Tale of Two Cities" by implementing the largest infrastructure investment in City history, "No Neighborhood Left Behind."

The plan focuses on constructing and repairing critical infrastructure in 71 neighborhoods where little or no infrastructure currently exists, primarily in areas located south of Dakota Avenue. The project's total cost is budgeted at \$45 million over a six-year period starting with \$10 million in FY 2005. When our neighborhoods succeed, our City succeeds. This simple principle validates the importance of improving devastated neighborhoods while concurrently preserving our healthy neighborhoods.

Along with the "No Neighborhood Left Behind" program, the Citywide investment in neighborhoods continues with \$16.1 million in funding. These dollars will be used to support the installation of 600 ADA curb cuts, the continuation of streetlight installation and repair, as well as neighborhood street paving. In addition, our Public Works department will continue to perform ongoing infrastructure maintenance as provided in prior years such as the "7-Week Tree Damage Concrete Repair" program.

This budget addresses the needs of neighborhoods to have a community-gathering place by continuing funding for pocket parks, by building and rehabilitating Little League Parks, and by providing for the acquisition of open space in the vicinity of Sunnyside and Belmont Avenues for a Southeast Community Park.

4. **Protect the Reserves** - These fiscally challenging times call for common sense and prudent financial decision-making. It is critical that the General Fund Emergency Reserve maintain a 5% balance to protect us from any fiscal emergency that may arise.

In addition to the four cornerstones, there are several key initiatives in this budget crucial to our City's success. Air Quality is a key issue that affects economic development. This budget includes more than \$4.7 million for the purchase of 12-15 low emission buses to replace older diesel units and \$3.3 million to complete the Compressed Natural Gas (CNG) fueling station, which will facilitate the transition from diesel. By the end of FY 2005, the Fresno Solid Waste fleet will reflect 40% Clean-Air vehicles, representing one of the largest solid waste Clean-Air vehicle fleets in the Valley. The budget also funds Operation Clean Air, a regional initiative brought forth by a coalition of Valley cities, counties, businesses, agriculture concerns, non-profits, health and environmental groups that are committed to improving our air quality.

Senior citizen initiatives continue to be a high priority. Included in this budget is funding for senior activities in neighborhood parks, the Senior Therapeutic Program, the Senior Paint Program, and the Senior Emergency Repair Grant Program. The FAX division of the Transportation Department is introducing a "Senior Sunday" program that will offer free fares to seniors on Sundays. The Senior Hot Meals program also continues to be funded. Total funding for senior citizen initiatives exceeds \$1.3 million. In addition, \$300,000 is included in this budget to complete an ADA needs assessment related at all City facilities.

In our ongoing efforts to provide affordable housing and to augment the existing Home Buyer Assistance Program, I am pleased to announce that we are the recipient of over \$1.3 million in new grant funding for housing. This funding will pave the way for Fresno residents to realize the American Dream of home ownership.

Another significant aspect included in this budget is the foundation it provides for our City to get through the State's financial crisis while keeping the fundamentals of our long-term strategy intact.

That being said, I am pleased to report that the City of Fresno was one of the first large cities in the State to develop and implement contingency plans to deal with Sacramento's fiscal crisis. The implementation of 2% mid-year budget cuts last year, a comprehensive citywide User Fee Study, holding all departments at FY 2003 levels for FY 2004, and reinventing the way we structure labor agreements have prepared Fresno exceptionally well. We built this ship to survive the storm. Other large California cities are now playing catch up, but we do not have to decimate our reserves to weather the storm, Fresno is prepared.

Preparing for the unexpected will be a basic tenet in the success of any City for the foreseeable future. These contingencies are not pleasant to put together or discuss, but address them we must, and address them we will.

For more than a dozen years, the state legislature has been taking local tax dollars that local governments use to provide vital services like fire protection, law enforcement, parks and street repairs. The approval of the State's FY 2004-2005 budget marked an historic bipartisan agreement between Governor Arnold Schwarzenegger, local governments, legislators, public safety officials, healthcare advocates, taxpayers and community leaders to support Proposition 1A. This proposition prevents the State Legislature from taking and using local government funds. Proposition 1A was written to allow flexibility. It allows the State to *borrow* local government revenues in the event of a fiscal emergency. It ensures that existing local tax dollars continue to be dedicated to local services. It also helps ensure local governments aren't forced to raise taxes or fees to make up for revenues raided by the State.

As part of the negotiation to reach this landmark agreement local governments agreed to help the State out of its current budget crisis by agreeing to contribute \$1.3 billion over the next two years. The City of Fresno's share is about \$8.3 million in total for FY 2005 and FY 2006, with consideration for the FY 2005 Booking Fee reimbursement. However, the greater than anticipated carryover, funding of the booking fees at last years levels and conservative current year revenue estimates should close the gap for FY 2005. In FY 2006 several options are available to close the gap, including utilizing the Emergency Reserves, reduction in service levels, and increases in fees to eliminate General Fund subsidy.

The formation of this budget required creativity, dedication, hard work and flexibility. I can't think of four better terms to describe our City employees. When faced with difficult financial conditions, our workforce always rises to the challenge by searching for ways to get better.

Since taking office in 2001, I have emphasized the need for an organizational culture that is driven by performance-based outcomes that relate specifically to key citywide objectives. During the last year, my Office, the City Manager's Office, and key Departmental staff in partnership with the Seattle-based Pacific Institute, worked together to create a formal plan of action that will guide the City of Fresno through the 21st century. This plan of action is contained in the budget under the heading: "Strategic Vision."

Our Strategic Vision is structured around a specifically stated vision, an agreed upon set of core values and three key objectives that must align with every task we perform. Those three objectives are: Customer Satisfaction, Employee Satisfaction and Proficient Financial Management. The plan also sets an irrevocable precedent by incorporating specific key result areas, quantifiable goals, strategies and tactics that City Departments will hold themselves accountable for throughout the year. This Strategic Vision is the basis by which we will prioritize our resources. You will notice that this year's budget utilizes "bridging statements" in the narratives submitted by each Department to identify how each goal is funded. This funding equation is also cross-referenced within the Strategic Vision section of the budget.

This history-making plan has been both challenging and rewarding for the devoted individuals who were involved in its creation. The process succeeded in combining the skills and talents of an extraordinary group of leaders and resulted in a degree of teamwork that I believe is unprecedented in municipal government. I consider it a privilege to present our Strategic Vision as a key component of the FY 2005 budget.

As I mentioned earlier, this budget was built upon four cornerstones. I am committed to maintaining these cornerstones as the way to build a strong and lasting foundation for Fresno. It is my firm belief that the course laid by these objectives builds a strong, prudent, long-range strategy for the City of Fresno that will guarantee the success of our City in historically challenging times.

Sincerely,

ALAN AUTRY

Mayor